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GENERAL

1. Soviet position on Balkan Federation--US Embassy Moscow reports its belief that, although a Balkan Federation under Communist domination has long been an international Communist concept, current possibilities for direct Soviet domination of the Satellites have made such a federation seem much less attractive to the Kremlin. According to the Embassy, the Kremlin now believes that the simplest and surest formula for assuring Soviet control over the Satellites is to incorporate them eventually in the USSR.

(CIA Comment: CIA agrees that the Kremlin does not contemplate a formal Balkan Federation for the immediate future; see Weekly Summaries of 30 January, page 5, of 5 December 1947, page 4, and of 7 November 1947, page iii.)

2. Delegates to Havana ITO Conference pessimistic--The Acting Chief of the US delegation at the Havana Trade Conference reports the unanimous feeling of the eight major nations supporting the International Trade Organization that the conference must complete a charter within the next ten days or abandon the undertaking. He adds that the protracted length of the conference has exhausted all participants and consequently has induced general pessimism as to its prospects. He therefore believes that a final showdown must be precipitated.
3. China willing to propose partition reconsideration--A member of the Chinese delegation at the UN has informed the US delegation that China is prepared, if the US should find it useful, to propose a special session of the General Assembly in order to

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consider a three to five-year UN trusteeship plan for Palestine. The Chinese delegate feels that China could get considerable support for such a proposal and believes it would afford an escape from the present impasse.

EUROPE

4. ITALY: Attempted sabotage by Arab sympathizers --The Commander of US Naval Forces in the Mediterranean reports that on 5 February a time bomb was attached to the hull of a Panamanian ship in an Italian port and that three similar occurrences in recent months appear attributable to Arab sympathizers. He has alerted his forces to the necessity for insuring adequate security measures to protect US ships and has pointed out that conditions at Trieste render ships in that harbor particularly vulnerable.

NEAR EAST-AFRICA

5. SAUDI ARABIA: Agreement to partition thought impossible -- After presenting the recapitulation of US Palestine policy (see Daily Summary of 5 February, item 4) to the Saudi Arabian Foreign Minister, US Minister Childs in Jidda reports his own conviction that no assurances by the US can alter King Ibn Saud's implacable opposition to the partition of Palestine. Childs believes that even if the King were convinced that acceptance of the UN partition decision was statesmanlike, he would be restrained by the internal and external repercussions which would follow any attempt on his part to modify the Arab attitude. Childs comments that the King's refusal to take steps against US economic interests has already brought him under attack in the Arab League.

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FAR EAST

6. SIAM: US prepared to recognize Abhatwong Government--The Department of State has informed the British, French, and Chinese Governments that the US is prepared, in consonance with these Governments, to consider prompt recognition of the Siamese Government as soon as Khuang Abhatwong is re-appointed prime minister and the new government is formed. The Department believes that: (a) the recent elections apparently were conducted fairly and represent a strong vote of confidence for the Khuang provisional government; and (b) recognition might strengthen the Khuang government vis-a-vis the Phibul military group and assist in stabilizing the political situation.

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